

Message Text

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DEPT PASS USDA ELECTRONICALLY FOR FAS/FCA/OILSEEDS/ESCS/
SCHOONOVER

E.O. 11652: N/A
TAGS: EAGR, EPAP, UR
SUBJECT: USSR AGRICULTURAL SITUATION REPORT - OILSEEDS
(SS8009 - 24A)

A. 1977 REVIEW:

1. PRODUCTION: OUTTURN OF THE MAJOR OILSEED CROPS
INCREASED SIGNIFICANTLY IN 1977, THOUGH RESULTS REMAINED
FAR BELOW PLAN. THE SUNFLOWER CROP, AT 5,866 MILLION TONS
WAS 11 PERCENT ABOVE 1976 PRODUCTION, AND 17 PERCENT ABOVE
THE DISMAL 1975 PERFORMANCE. IT WAS, HOWEVER, 22 PERCENT
BELOW 1977 TARGET, AND EVEN 2 PERCENT BELOW THE NINTH PLAN
(1971-75) AVERAGE.

2. AS THE FOLLOWING TABLE INDICATES, THE UKRAINE WAS
LARGELY RESPONSIBLE FOR IMPROVED 1977 PRODUCTION, AS OUT-
PUT THERE RETURNED TO MORE USUAL (9TH PLAN) LEVELS.
MOLDAVIAN PRODUCTION WAS ALSO UP SIGNIFICANTLY, BUT GAINS
IN THESE REPUBLICS WERE PARTLY OFFSET BY BELOW-AVERAGE
OUTPUT IN THE RSFSR, ESPECIALLY IN THE KUBAN WHERE
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YIELDS, AT 19.4 QUINTALS PER HECTARE, WERE 9 PERCENT
BELOW THE 1976 LEVEL.

USSR: SUNFLOWER SEED PRODUCTION BY REPUBLIC, (MILLION
TONS):

-	-	1971-75	-	-	1978
-		(ANNUAL AVG.)	1976	1977	(PLAN)

RSFSR	2.811	2.831	2.70	3.20 1/
UKRAINE	2.712	2.111	2.67	2.44 1/
MOLDAVIA	.357	.226	.33	NA
OTHER	.094	.109	.17	NA
- TOTAL	5.974	5.277	5.87	7.50

1/ PROCUREMENT GOAL

3. LAST YEAR'S IMPROVED OUTCOME WAS RELATED ALSO TO THE FASTER PACE AT WHICH THE CROP WAS HARVESTED, THUS LESSENING LATE-SEASON DISEASE AND INSECT DAMAGE. HOWEVER, THE MOISTURE CONTENT OF SEEDS WAS NO DOUBT MUCH ABOVE NORMAL, CREATING THE POSSIBILITY OF GREATER WASTE AND REDUCED OIL QUALITY.

4. PRODUCTION OF SOYBEANS ALSO CLIMBED SIGNIFICANTLY IN 1977, TO 545,000 TONS. ABOUT ONE-FOURTH OF THE 14 PERCENT GAIN WAS DUE TO AN INCREASE IN SEEDED AREA. PRODUCTION WAS, HOWEVER, STILL WELL BELOW THE 1975 PEAK OF 780,000 TONS, AND ONLY SLIGHTLY ABOVE THE 1966-75 AVERAGE OF 505,000.

5. PERFORMANCE OF OTHER MAJOR OIL BEARING CROPS WAS GENERALLY ABOVE-NORMAL AS INDICATED IN THE FOLLOWING TABLE:

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USSR: PRODUCTION OF MAJOR OIL-BEARING PLANTS, EXCLUDING SUNFLOWERS (MILLION TONS):

-	- 1971-75	-	- 1978
-	(ANNUAL AVG.)	1976	1977 (PLAN)

SOYBEANS	.471	.480	.545	NA
COTTON	7.667	8.278	8.762	8.5
FLAX	- .456	.509	.475	NA
CORN	10.215	10.138	10.993	NA

(ABOVE CROPS PLUS SUNFLOWERS NORMALLY ACCOUNT FOR AT LEAST 95 PERCENT OF SOVIET VEGETABLE OIL PRODUCTION).

6. TRADE: VERY LITTLE IS KNOWN ABOUT 1977 TRADE IN OIL-SEEDS AND PRODUCTS. TOTAL SOY IMPORTS ARE ESTIMATED TO HAVE DECLINED FROM THE 1.8 MILLION TON LEVEL OF 1976 TO ABOUT 1.2 MILLION TONS. U.S. SHARE, HOWEVER, ROSE TO NEARLY 50 PERCENT, COMPARED WITH ONLY 24 PERCENT IN 1976. IMPORTS OF SOY FLOUR LAST YEAR REPORTEDLY REACHED 10,000 TONS AND MINOR QUANTITIES OF TEXTURED PROTEINS WERE ALSO IMPORTED FOR RESEARCH PURPOSES. ACCORDING TO MALAYSIAN

SOURCE, 1977 PALM OIL EXPORTS TO THE SOVIET UNION WERE 29,000 TONS. WE HAVE NO KNOWLEDGE OF OTHER SOURCES OR QUANTITIES OF OILSEED/OIL IMPORTS.

7. ALTHOUGH 1977 TRADE DATA HAVE NOT BEEN PUBLISHED WE SUSPECT EXPORTS OF SUNFLOWER SEED AND OIL AGAIN DECLINED. DUE TO DISAPPOINTING 1976 PRODUCTION AND ABOVE-NORMAL ACIDITY OF OIL, WE DOUBT THAT EXPORTS (OF OIL) EXCEEDED 200,000 TONS. (IT WILL BE RECALLED THAT EGYPTIAN HARD CURRENCY PURCHASE WAS CANCELLED LAST YEAR DUE OIL QUALITY PROBLEMS).

8. PROCESSING; VEGETABLE OIL PRODUCTION STRENGTHENED

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SLIGHTLY IN 1977 AS PRODUCTION REACHED 2.9 MILLION TONS, 4 PERCENT ABOVE THE POOR 1976 PERFORMANCE. HOWEVER, OUTPUT WAS ONLY 85 PERCENT OF 1974 AND 1975 LEVELS, AND FELL 150,000 TONS SHORT OF PLAN. CENTRALIZED PRODUCTION (95 PERCENT) CONSTITUTED A SLIGHTLY LARGER PROPORTION OF THE TOTAL WHEN COMPARED WITH THE THREE PREVIOUS YEARS.

9. ALTHOUGH A BREAKOUT OF 1977 PROCESSING IS NOT AVAILABLE, FOLLOWING TABLE SHOWS THE INCREASED IMPORTANCE OF IMPORTED SOYBEANS IN THE 1976 VEGETABLE OIL MIX. THE 1977 DATA WILL LIKELY SHOW SOME DIMINUTION OF THE SOY COMPONENT AND SOME INCREASE OF SUNFLOWER OIL.

USSR: COMPOSITION OF VEGETABLE OIL PRODUCTION; CENTRALIZED SECTOR ONLY (000 TONS):

- - - 1976 1976

- - 1975 (PLAN) (ACTUAL) 1977

SUNFLOWER	2,176.5	1,422.5	1,428.4	NA
COTTON	737.0	720.6	713.8	NA
LINSEED	20.0	24.4	26.5	NA
CASTOR	30.3	22.6	23.1	NA
MUSTARD	22.7	13.8	15.2	NA

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CORN	-	11.1	11.0	11.2	NA
SOYBEAN		21.9	319.1	323.0	NA
PEANUT	-	1.5	1.3	1.4	NA
TURG	-	.8	.6	.6	NA
FRUIT SEEDS		1.0	.5	.8	NA
OTHER	-	36.5	23.6	22.2	NA
- TOTAL		3,059.3	2,560.0	2,566.2	2,757

B. 1978 OUTLOOK:

10. PRODUCTION: 1978 PRODUCTION GOAL FOR SUNFLOWERS IS UNCHANGED FROM LAST YEAR -- 7.5 MILLION TONS. AS THIS LEVEL OF PRODUCTION HAS NEVER BEEN ACCOMPLISHED, AND AS RECENT YEARS' OUTPUT HAS BEEN STAGNANT AT BEST, THIS APPEARS TO BE THE MOST UNREALISTIC OF ALL THE COMMODITY GOALS. SINCE THERE EXISTS LITTLE SCOPE FOR INCREASED SEEDING, ANY SIZABLE GAINS WILL HAVE TO BE BROUGHT ABOUT BY INCREASED YIELDS, WHICH ARE STRONGLY AFFECTED NOT ONLY BY MOISTURE CONDITIONS BUT BY INSECTS AND DISEASE PROBLEMS.

11. NO GOALS HAVE BEEN ANNOUNCED FOR SOYBEAN SEEDINGS OR PRODUCTION. WE EXPECT A SMALL INCREASE IN SOWN AREA IN EUROPEAN RUSSIA, BUT OVERALL PRODUCTION WILL DEPEND LARGELY ON CONDITIONS IN THE FAR EAST WHERE 95 PERCENT OF THE CROP IS GROWN.

12. TRADE: ALTHOUGH THE SOVIETS HAVE BOOKED ONLY 200,000 TONS OF SOYBEANS FOR 1978 DELIVERY, WE WOULD NOT BE SURPRISED (BASIS CURRENT DOMESTIC PROTEIN AND OIL AVAILABILITIES) IF TOTAL IMPORTS WERE TO REACH 500,000 TONS. THE NEED FOR HEAVY OUTLAYS OF HARD CURRENCY ARE PROBABLY MAIN REASON FOR AT LEAST PART OF APPARENT CURTAILMENT THIS YEAR

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IN PURCHASES OF SOYBEANS. PLANS FOR SOY FOOD PROTEIN IMPORTS FOR 1978 ARE UNKNOWN, BUT INTEREST OF MEAT AND

BAKERY PRODUCTS INDUSTRIES IN THESE SOYBEAN BASED ITEMS
REMAINS HIGH.

13. IT WOULD, IN OUR OPINION, BE A MISTAKE TO OVEREMPHASIZE
THE IMPACT OF SOY IMPORTS TO DATE ON SOVIET MEAT PRODUC-
TION. 1976 SOY MEAL OUTPUT, FOR EXAMPLE, TOTALED 1.382
MILLION TONS -- MINUTE IN A COUNTRY WHICH ANNUALLY FEEDS
MORE THAN 100 MILLION TONS OF GRAIN. SOY MEAL SUPPLIES
ARE OF COURSE QUITE IMPORTANT TO SOME SEGMENTS OF THE
SOVIET MEAT INDUSTRY, E.G., PTITSEPRO, AND IT IS HERE
THAT THE CONSTRICTION OF 1978 IMPORTS MAY HAVE ITS IMPACT.
(IT SHOULD ALSO BE REMEMBERED THAT SOVIET POLICY CONTINUES
TO EMPHASIZE IMPROVED FEED QUALITY -- ESPECIALLY PROTEIN
BALANCE -- TO SAVE GRAIN AND INCREASE MEAT OUTPUT).

14. PROCESSING: TO OUR KNOWLEDGE, THE 1978 VEGETABLE OIL
GOAL HAS NOT BEEN ANNOUNCED. GIVEN THE APPARENT CUTBACK
IN SOYBEAN IMPORTS, COMPOSITION OF VEGETABLE OIL PRODUC-
TION WILL RETURN TO MORE NORMAL PROPORTIONS.

C. TENTH PLAN PROGNOSIS:

15. TENTH PLAN SUNFLOWER GOAL CONTINUES TO RIDE AT A LOFTY
7.6 MILLION TONS, DESPITE THE FACT THAT AVERAGE 1976-77
PRODUCTION WAS 26 PERCENT SHORT. IT IS, ALMOST WITHOUT
QUESTION, A GOAL WHICH CANNOT BE ACHIEVED.

16. THE BIG TENTH PLAN OILSEEDS PUSH, AT LEAST PUBLICALLY,
IS IN SOYBEANS. AS TENTH PLAN SOY PROCUREMENTS ARE TO
EXCEED NINTH PLAN LEVELS BY 70 PERCENT, WE CAN DEDUCE THAT
1976-80 PRODUCTION IS TO AVERAGE ABOUT 700,000 TONS, A
LEVEL FAR ABOVE RECENT ACCOMPLISHMENTS. ALTHOUGH 95 PER-
CENT OF THE SOVIET BEAN CROP IS NOW GROWN IN THE FAR EAST
(AMURSK AND THE MARITIME KRAY) CURRENT EMPHASIS IS ON
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IRRIGATED PRODUCTION IN EUROPEAN RUSSIA. TECHNICAL PROBLEMS AND COMPETITION FROM OTHER CROPS HAVE THUS FAR KEPT PLANS FROM BEING SUCCESSFULLY IMPLEMENTED. THEIR TECHNICAL PROBLEMS INCLUDE: POOR SEED VARIETIES; INADEQUATE AGRICULTURAL CHEMICALS, PARTICULARLY HERBICIDES; IMPROPER PLANTING AND HARVESTING MACHINERY. THE BIGGEST DIFFICULTY, HOWEVER, IS CLIMATE -- TOO DRY AND/OR INSUFFICIENT HEAT. THE SOMETIMES HEARD GOAL OF 5 MILLION TONS WILL NOT IN OUR VIEW BE ACHIEVED FOR MANY YEARS, AND THEN ONLY AT THE COST OF REDUCING PRODUCTION OF OTHER IMPORTANT IRRIGATED CROPS.

17. GIVEN THE COUNTRY'S CHANCY SUNFLOWER SITUATION AND NEED FOR MORE VEGETABLE OIL AND HIGH PROTEIN MEAL, WE DO NOT SEE DIMINISHING INTEREST IN IMPORTED BEANS. LEVEL OF PURCHASES WILL, HOWEVER, PROBABLY BE GEARED TO REQUIREMENTS OF HIGH-EFFICIENCY END-USERS, E.G., PTITSEFROM. INDUSTRIAL POULTRY MEAT PRODUCTION IS TARGETED FOR A FOURFOLD INCREASE BY 1985. EGG OUTPUT AND INDUSTRIALIZED SWINE AND CATTLE FATTENING IS ALSO EXPANDING. WE ANTICIPATE CONTINUING PRESSURE FROM THESE FEED PROTEIN CONSUMERS IN ORDER TO MEET THEIR OUTPUT TARGETS. MATLOCK

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